

Colorado Higher Education Financial Advisory Committee (FAC)



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Financial Advisory Committee (FAC)



What is the FAC????

- The Higher Education Financial Advisory Committee includes the System Controller for each of the 10 Governing Boards, the Controller of the Auraria Higher Education Center (AHEC) and the Higher Education Fiscal Coordinator.
- Meet Monthly – normally the second Tuesday of every month

Colorado Higher Education
Financial Advisory Committee (FAC)



What does the FAC do?

- The FAC is charged by the Governing Boards with :
 - ✦ Setting accounting and reporting policies to achieve **consistent** and **comparable** reporting of financial information to the State central agencies;
 - ✦ Addressing accounting issues that cross institutional and Board lines; and
 - ✦ Implementing a coordinated response to State accounting inquiries and initiatives



FAC Website

● <http://www.colorado.gov/dpa/dfp/sco/fac/index.htm>



FAC Website

- ▼ [Alphabetical Index](#)
- ▼ [Authoritative Guidance/GAAP Hierarchy](#)
- ▼ [COFRS Accounting Models](#)
- ▼ [COFRS Enterprise Model](#)
- ▼ [COFRS Feeder Agency Chart of Accounts](#)
- ▼ [External Reporting Matrix](#)
- ▼ [FAC Guidebook](#)
- ▼ [FAC Members](#)
- ▼ [GASB #34/35](#)
- ▼ [Higher Education Accounting Standards](#)
- ▼ [Links to Colorado Higher Education Accounting Offices](#)
- ▼ [Security Procedures](#)
- ▼ [TABOR Guidelines - Effective June 2003 through June 2005](#)
- ▼ [TABOR Guidelines - Effective July 2005](#)
- ▼ [Training Materials](#)



HE Accounting Standards

- Governance Document
 - ▼ Higher Education Policy Setting Group (HEP)
 - Includes FAC and two representatives from the Office of the State Controller (OSC): One FAST member and one member from Reporting and Analysis
 - Meet 3 times a year and approve all FAC Accounting Models, Standards, and the HE COFRS Chart of Accounts



HE Accounting Standards

- Standard 1 – Basic Accounting and Reporting Structure
 - Purpose of having Higher Education Accounting Standards is to provide guidance in areas:
 - Which are not addressed by the authoritative accounting and reporting literature;
 - Where the literature provides alternate methods for accounting and reporting; and/or
 - Where accounting practices for Colorado institutions will vary from that recommended in NACUBO, Financial Accounting and Reporting Manual for Higher Education (FARM)



HE Accounting Standards

- Standard 1 – Basic Accounting and Reporting Structure
 - Measurement Focus
 - Economic resources and Accrual Basis
 - Fund Accounting
 - Colorado Institutions must maintain accounting records that account for transactions in a manner that ensure compliance with statutory and regulatory guidelines
 - To facilitate this, institutions continue to maintain management accounting records by funds.



HE Accounting Standards

- Standard 2 – Tuition and Fee Accounting
 - Defines Tuition and Fees
 - Continuing Education
 - Summer Revenue and Expenditures
- Standard 3 – Indirect Cost Recoveries from Sponsored Programs
 - Moving the recoveries to the Unrestricted Fund
 - Eliminating the duplication of revenue



HE Accounting Standards

- Standard 4 – NonExchange Transactions
 - Provides Definitions and Examples
 - Defines when revenue is recognized
- Standard 5 – Capital Asset Reporting
 - Defines capitalization thresholds
 - Defines depreciation methods



HE Accounting Standards

- Standard 7 – Cash, Cash Equivalents and Investments
 - Defines Cash and Cash Equivalents
 - Defines short-term and long-term investments
 - Defines restricted cash and restricted investments
 - Addresses Unrealized Gains/Losses
- Standard 8 – Financial Aid and Scholarship Allowance
 - Recording Loans and Scholarships
 - Scholarship Allowance calculation



HE Accounting Standards

- Standard 9 – State Appropriations
 - General Fund Appropriations
 - Capital and Controlled Maintenance Appropriations
- Standard 11 – Recording Internal Service Center Activity
- Standard 12 – College Work Study Programs
 - Different than other student aid because the student is required to perform services in exchange for compensation



HE Accounting Standards

- Standard 14 – Reporting and Disclosure of Related Organizations
 - ↘ Component Units
 - ↘ Related Organizations and Parties
 - ↘ Joint Ventures
 - ↘ Jointly Governed Organizations



HE Accounting Standards

- Standard 17 – Financial Statement Presentation
 - ↘ Management Discussion and Analysis
 - ↘ Statement of Net Assets
 - ↘ Statement of Revenues, Expenses and Changes in Net Assets
 - ↘ Statement of Cash Flows
 - ↘ Notes
 - ↘ Supplemental Information



HE Accounting Standards

- Standard 18 – Compensated Absences for Annual and Sick Leave
 - ↘ Calculation Basis
 - ↘ Classification of Liabilities on the Statement of Net Assets



HE Accounting Models

- Exempt and NonExempt Models
 - ▼ Exempt Models end with an "X"
- Provide consistency in COFRS for financial statement presentation
- Provide guidance for accurate TABOR reporting



HE Accounting Models

- Transfers
 - ▼ Models A, C and E – Ensure correct transfer codes are used between HE internal funds for correct TABOR reporting
 - ▼ F – CCHE SWICAP and CCHE administrative fee
 - ▼ G – Indirect Cost transfer to General Fund
 - ▼ H and I – AHEC transfers between constituents (MSCD, UCD and CCD)
 - ▼ J – UCD Library Transfer



HE Accounting Models

- General – regular accounting entries that may be ongoing, monthly, quarterly or yearly depending on the activity and business practices
 - ▼ K – Internal Service Center Activity, Internal Customers
 - ▼ L – Internal Service Center Activity, External Customers
 - ▼ M – Administrative Services Recharge (G&A)



HE Accounting Models

- General – continued
 - O – Capital Construction-Xfer of Cash and Capitalization of CIP
 - R – Acquisition And Capitalization of Assets
 - Elimination of Expense in Current Funds
 - S – Disposal of Assets
 - Gains and Losses
 - T – Accounting for Capital Leases
 - Elimination of Expense in Current Funds



HE Accounting Models

- General – continued
 - COF – Student Stipends
 - Reclassify the Student A/R to a departmental A/R (COF)
 - FFS – Fee for Service (Non Economic Development Revenue)
 - Includes potential deferral or A/R entries
 - ECON – Fee for Service, Economic Development



HE Accounting Models

- Quarterly
 - QTR1 – Scholarship Allowance
 - Must be achieved at the close of October, January, April, and June



HE Accounting Models

- Year End Entries – must be achieved at Year End at a minimum. Some of these entries may be done monthly or quarterly.
 - YE2 – Record Restricted Expendable/Nonexpendable Net Assets
 - Reclassifying your Fund Balance
 - YE3 – Record Capital Assets Net of Debt
 - When you have unspent debt proceeds for an asset that has not been capitalized yet



HE Accounting Models

- Year End Entries – Continued
 - YE4 – Eliminate Indirect Costs
 - YE5 – Eliminate Capital Assets Purchased in the Current Funds
 - Also accomplished with Accounting Model R
 - YE6 – Record Depreciation Expense
 - YE7 – Record Compensated Absences
 - YE8 – Record Revenues Pledged to Debt



HE Accounting Models

- Year End Entries – Continued
 - YE9 – Record Restricted Cash, Cash Equivalents and Restricted Investments
 - Instead of CR 1100, must use 1043 (Restricted Checking-Other)
 - YE10 – Eliminate Internal Service Center Activity
 - YE11 – Eliminate Retirement of Indebtedness
 - Fund Additions/Deductions from Plant subfunds



HE Accounting Models

- Student Financial Aid
 - SFA1 – State College Workstudy
 - SFA2 – Merit and Need-Based Grants
 - SFA3 – Loan Match Program
 - SFA4 – Colorado State Incentive Grants
 - SFA5 – Nurses Training Grant
 - SFA6 – Tuition Assistance Program



HE Chart of Accounts

- The HE Chart of Accounts (COA) is a subset of the Official COA found in the Fiscal Procedures Manual
- HE institutions should use ONLY those codes listed in the HE COA
- Ensures consistency and comparability of financial information



HE Chart of Accounts

- Golden Rule
 - Don't use a code unless it is on the HE COA AND
 - If a code exists on the HE COA and you have the activity, use that code
- The OSC does not track or regulate the HE COA
 - If you ask them what code to use, they will refer to the official COA
 - **You** must verify that any codes used are on the COA
 - Ask your FAC representative if you believe a new code should be added to the HE COA



HE Chart of Accounts

- COFRS is not just for Financial Statement Reporting
 - COFRS is the State's Official Record of Financial Information
 - Detail is used for data requests from:
 - Joint Budget Committee staff
 - Legislative Council staff
 - Office of State Planning and Budget
 - Anyone and Everyone



HE Chart of Accounts

- COFRS is not just for Financial Statement Reporting
 - The Financial Data Warehouse allows users to pull data without going to the institutions
 - Right or Wrong, the information is used for estimates, decisions and compliance analysis



HE Chart of Accounts

- Reconciliation
 - J-Rec at Fiscal Year End
 - Monthly Reconciliations
 - “The Exhibit J does not eliminate the requirement that the institution reconcile COFRS to their internal systems on a monthly basis. Entries to correct reconciling items should be processed into COFRS and/or the institution's internal system in a timely basis throughout the year.” Fiscal Procedures Manual Chapter 3-5.14



TABOR Guide

- Not just for Non Enterprises
- Exempt Section
 - Outlines the COFRS Enterprise reporting structure from Appropriation Codes to Program codes
 - Explains Program Codes
 - 11XX – Education and General (E&G)
 - 19XX – Non Education and General



TABOR Guide

- Exempt Section
 - Defines specific revenues source codes that are appropriated on the Long Bill
 - Outlines how Internal Service Center activity should be reported



TABOR Guide

- Non Exempt Section
 - Defines Revenue Source Codes and how they should be used
 - Explains what Revenue should be recorded in what Funds (helpful for internal fund structure)
 - Identifies TABOR exempt and nonexempt revenue and transfer codes



Future FAC Plans

- Review/Revise Accounting Standards as needed for Enterprises
- New Accounting Models for AHEC and Insurance Recoveries
- Implement new COFRS Reporting Structure for NonExempt Institutions



Questions???

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